

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 SOE-02

AID-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-08

DOE-11 H-01 INR-10 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-05 USIA-06 OES-07 SP-02 SS-15 STR-07

TRSE-00 ACDA-12 NEAE-00 IO-13 FRB-03 XMB-02

OPIC-03 LAB-04 SIL-01 /185 W

-----004669 071402Z /43

P R 071245Z MAR 78

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC PRIORITY 389

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

USINT BAGHDAD POUCH

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

/USMISSION USUN NEW YORK 659

C O N F I D E N T I A L SECTION 1 OF 2 KUWAIT 1367

USEEC

E.O. 11652: GDS

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TAGS: EFIN

SUBJECT: PUBLIC KUWAITI LAMENTATIONS OVER DOLLAR CONTINUE

REF: (A) KUWAIT 1250, (B) STATE 057389.

1. PUBLIC CRIES OF ANGUISH IN KUWAIT OVER DOLLAR'S  
DECLINE HAVE MOUNTED IN INTENSITY OVER PAST FEW DAYS. ON

MARCH 2, IN AN INTERVIEW FILMED FOR VIEWING ON CBS CRONKITE NEWS, FINANCE MINISTER ATEEQI TOLD KUWAIT-BASED CBS CORRESPONDENT THAT KUWAIT WOULD CALL FOR "AN EMERGENCY OPEC MEETING" TO CONSIDER PRICE RISE TO MAKE UP FOR DOLLAR'S DROP. ATEEQI REPORTEDLY SAID THAT THOSE WHO HAD MADE COMMITMENTS TO A FREEZE IN OIL PRICES HAD BEEN EXONERATED BY DROP IN VALUE OF DOLLAR. ATEEQI REPORTEDLY CALLED FOR PRICE RISE RETROACTIVE TO JANUARY 1 TO COMPENSATE FOR DOLLAR DECLINE.

2. ON MARCH 5 MINISTER OF STATE FOR CABINET AFFAIRS HUSSEIN SAID THAT THE AMIR IS "DEEPLY CONCERNED" ABOUT DOLLAR'S DECLINE. HUSSEIN CLAIMED THAT KUWAIT WAS LOSING ONE MILLION DOLLARS A DAY DUE TO DOLLAR'S FALL AND SAID THAT THE GOVERNMENT WAS FOLLOWING THE SITUATION "CLOSELY" AND AWAITING THE RESULTS OF A STUDY BEING DONE BY A MINISTERIAL COMMITTEE SET UP TO LOOK INTO THE PROBLEM.

3. ON MARCH 6 OIL MINISTER ALI KHALIFA AL-SABAH REPORTEDLY TOLD ARAB TIMES THAT ONE MILLION DOLLAR A DAY LOSS FIGURE WAS "UNFORTUNATELY FAR BELOW THE MARK - IT IS MUCH MORE THAN THAT." LOSS, ALI KHALIFA SAID, WAS TREMENDOUS" AND DATED BACK TO DOHA OPEC MEETING. ONLY SOLUTION WOULD BE INCREASE IN OIL PRICE. ALI KHALIFA THEN POINTED OUT THAT OPEC EMERGENCY MEETING SHOULD BE CALLED QUICKLY AND NOTED CONFIDENTIAL

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THAT ONLY QUORUM OF 7 OPEC MEMBERS WOULD BE NECESSARY TO CALL SUCH A MEETING.

4. IN RELATED DEVELOPMENT, PRESS REFERRED TO POSSIBILITY OF ADOPTING "SCHILLER FORMULA" AN ALLEGED PROPOSAL BY FORMER FRG ECONOMICS MINISTER KARL SCHILLER, NOW ECONOMIC ADVISOR TO GOK, FOR MAJOR REVALUATION OF KUWAITI DINAR AGAINST DOLLAR AND OTHER CURRIENCIES. (SCHILLER IS PRESENTLY IN KUWAIT LEADING A TEAM STUDYING INFLATION AND THE LOCAL ECONOMY. TEAM WILL BE HERE ABOUT THREE MONTHS.)

5. COMMENT: SOME KUWAITIS ARE OBVIOUSLY USING PRESENT DOLLAR CRISIS AS RATIONALE FOR ASKING FOR WHAT THEY WOULD LIKE REGARDLESS OF THE SITUATION OF THE DOLLAR, NAMELY, A RISE IN OIL PRICES. "DOLLAR PROBLEM" COMING AT THIS TIME IS CONVENIENT FOR FINANCE MINISTRY, WHICH IS IN THE MIDST OF DRAWING UP ANNUAL BUDGET, AND CAN POINT TO FALL IN REAL REVENUE AS JUSTIFICATION FOR CUTTING BUDGETS REQUESTS OF VARIOUS POWERFUL GOVERNMENT AGENCIES. EVEN IF ONE ACCEPTS HUSSEIN'S CLAIM THAT DOLLAR DROP IS COSTING KUWAIT \$1 MILLION PER DAY, THIS WOULD ONLY AMOUNT TO \$365 MILLION PER YEAR, SMALL CHANGE COMPARED TO KUWAIT'S

\$10 BILLION PLUS PER YEAR TOTAL OF OIL, INVESTMENT AND SERVICE REVENUE. HOWEVER, IT IS USUALLY THE RICH WHO YELL LOUDEST WHEN THEIR INCOME IS AFFECTED, AND KUWAIT IS NO EXCEPTION. MINISTERS, LEADING MERCHANTS - ANYONE WHO COUNTS IN THIS TOWN - ARE BUFFERTING US WITH QUERIES ABOUT "WHAT ARE WE GOING TO DO ABOUT THE DOLLAR?" TIMELY TALKING POINTS OF REFTEL B GREATLY APPRECIATED, BUT FROM THIS VANTAGE POINT IT APPEARS THAT WE HAVE RELATIVELY LITTLE NEW TO SAY TO KUWAITIS ABOUT THE DOLLAR.

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C O N F I D E N T I A L SECTION 2 OF 2 KUWAIT 1367

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6. AMIR'S CHIEF INVESTMENT/ECONOMIC ADVISOR, KHALED ABU  
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SA'UD, WHILE CONCERNED ABOUT SHORT TERM EFFECTS OF  
DOLLAR DECLINE, DOES NOT TAKE AS ALARMIST A VIEW AS THOSE  
RECENTLY EXPRESSED IN THE PRESS. HE, INCIDENTALLY, DENIED  
THAT SCHILLER HAD MADE ANY SUCH PROPOSAL. HIS COMMENTS  
DURING CALL BY AMBASSADOR AND ECON CHIEF MARCH 7 WILL  
BE PROVIDED BY SEPTEL.  
MAESTRONE

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## Message Attributes

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**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Date:** 20 Mar 2014  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Litigation History:**  
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**Previous Handling Restrictions:** n/a  
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**TAGS:** EFIN, PINT, KU  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014